

May 21, 2004

Stan Perks  
Bureau of Land Management  
Utah State Office  
P. O. Box 45145  
Salt Lake City, Utah 84145

RECEIVED  
MAY 26 2004  
DIV. OF OIL, GAS & MINING

m/031/002  
  
Best Western  
Paradise Management

1025 North Main Street  
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Fillmore, Utah 84631  
(801) 743-5848  
Fax (801) 743-5844

Dear Stan:

Thank you for participating in our mining plan meeting at the Koosharem Kaolin mine on May 20, 2004. I believe the meeting was productive and helped to establish our plan and give everyone a better understanding of its content.

As a result of the meeting I have prepared an updated map of the mine showing the location where the first increment of mining activity will take place. The locations labeled 1 and 1A are where work is planned to be performed this year. Work will consist of:

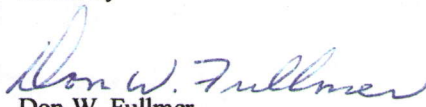
1. Straightening and Shaping the topsoil berm along the North-Easterly side of the pit
2. Creating and shaping a small topsoil berm along the Easterly edge of location 1A. This will be accomplished to the extent necessary to support ongoing mining activity.
3. Ripping and removing ore as necessary to meet production demands. Mining activity will take place along the high wall area adjacent to and between locations 1 and 1A. The floor of the existing pit will also be actively mined to remove some of the remaining commercial ore.

The map has also been updated to show a possible location for storing topsoil in the event that more is generated than can appropriately be accommodated in the topsoil berms.

Similarly, any materials generated, which cannot be utilized as topsoil, but can be used as fill material will be stored in the area designated as "Waste material area".

Enclosed are our records showing the amounts of kaolin produced during the year and the financial settlement documents related thereto. These can provide an audit trail and should match exactly to there reports we have made to Mineral Management Services.

Sincerely

  
Don W. Fullmer  
President

CC: Wayne Hedberg, DOGM  
Tom Peck, Peck Trucking

Enclosures

1. Updated Map
2. Production data